

EXECUTIVE COMPENSATION CONSULTANT SCOPE OF SERVICES

Contractor will provide to CalPERS Board of Administration and its Performance and Compensation Committee, private sector salary survey data, public pension fund salary survey data, executive compensation recommendations and advice on the administration of the compensation program for certain executive-level positions, as follows:

- A) **Biennial Salary Surveys:** For the positions of Chief Executive Officer, Chief Actuary, General Counsel, Chief Investment Officer, Chief Operating Investment Officer, Senior Investment Officer, Senior Portfolio Manager, and Portfolio Manager; the contractor will provide relevant salary data which may include private and/or public sector data.

The contractor will provide specific base salary range recommendations for positions at these levels to be conducted on a biennial or as needed basis. The contractor will also have a major role in describing the salary data, preparing reports, and presenting information and/or recommendations in public meetings of the Performance and Compensation Committee.

- B) **Consultation on the Structure of the Compensation Program:** At the Committee's request, the contractor will advise on the structure of the compensation program on issues including but not limited to fundamental examination of program structure, compensation trends, and academic research on topics such as efficacy of compensation program motivation; for the Chief Executive Officer, Chief Actuary, General Counsel, Chief Investment Officer and senior-level investment positions. The program includes both base salary ranges and annual performance awards. Issues that have arisen in the past include the width of the base salary ranges, where ranges should be targeted in the array of the data, the schedules and benchmarks for investment executives' annual performance awards and the degree to which compensation decisions for individuals should be delegated to executive staff or retained by the Committee and Board of Administration. As issues may arise during the contract period, the contractor will be expected to consult with the Chief of the Human Resources Division and to prepare and present written reports and recommendations in public meetings of the Performance and Compensation Committee.

- C) **Consultation on Administering the Compensation Program:** At the request of the Chief of the Human Resources Division, the contractor may be called upon to advise on administering or revising the "Compensation Policies and Procedures for the Chief Executive Officer, Chief Actuary, General Counsel and Investment Management Positions," the Board of Administration's formal policy statement on compensation for such positions (a copy of which is included herein as Exhibit 1). Such consultation may be via telephone, written correspondence, and/or in person and may involve the preparation of formal reports or presentations before the Committee.